A signed copy of this amendment must be returned with the proposal and received by AHCCCS on or prior to the Solicitation due date and time. **Note that the due date and time will remain September 11, 2007, at 3:00 P.M. MST**.

Late proposals will not be accepted.

This amendment is to correct some ambiguities potential vendors found in the solicitation.

All other terms and conditions of the RFP remain unchanged.

Offeror hereby acknowledges receipt and understanding of this Solicitation Amendment.	This Solicitation Amendment is hereby executed this 21st day of August 2007, in Phoenix, Arizona.	
Signature	Date	
		SIGNED COPY ON FILE
Typed Name and Title		Michael Veit
		Contracts and Purchasing Administrator
Name of Company		

<u>CHANGES</u>

A signed copy of this amendment must be returned with the proposal and received by AHCCCS on or prior to the Solicitation due date and time. This solicitation is amended as follows:

Please note: deletions are indicated by a ~~strikethrough~~ and additions are indicated by shadowing.

Cover:

QUESTIONS CONCERNING THIS SOLICITATION SHALL BE SUBMITTED ~~TO THE SOLICITATION CONTACT PERSON NAMED ABOVE,~~ IN WRITING EITHER VIA TELEFAX OR E-MAIL (PREFERRED). PRIOR TO AUGUST 24, 2007, 4:00 P.M. MST SUBMIT QUESTIONS IN WRITING TO PAT WATKINSON, patricia.watkinson@azahcccs.gov. AFTER AUGUST 24, 2007 AND PRIOR TO   AUGUST 29, 2007, 5:00 P.M. MST SUBMIT QUESTIONS IN WRITING TO MICHAEL VEIT, michael.veit@azahcccs.gov. THE FAX NUMBER FOR EITHER PERSON IS 602-417-5957.

<u>Scope of Work</u>

> **2.1.2   Purpose/Scope of Services -** pg 5
>
> Finally, AHCCCS is requesting bidders to consider submitting bids for operating/"hosting" the system. Note that~~, as a minimum, if bidders are required to submit bids for modifying/enhancing~~ for those not bidding a hosted system, the non-hosted system bid is expected to modify/enhance the software to meet AHCCCS requirements, maintaining the product, and then licensing the product for AHCCCS to operate.

> **2.3.4** Intentionally left blank – pg 16

<u>Special Instructions to Offerors</u>

1.   OFFEROR'S CONTACTS - pg 62

All questions concerning this Request for Proposal, including technical specifications, proposal process, etc. shall be directed to the Solicitation Contact Person, in accordance with the schedule given ~~identified~~ on the first page of this Solicitation document.

3. GENERAL ORGANIZATION

3.2 Part 2—Technical Proposal pg 62 - 3

This part shall contain the Transmittal Letter and shall separately answer each question listed in ~~Section 5.F.~~ Paragraph 7.1, Transmittal Letter.

The Transmittal Letter must be signed by a person authorized to bind the company. The technical proposal response is not to include any cost figures. Any reference to cost in Part 2 of your proposal, except where specifically required, may result in immediate disqualification of the Offeror.

3.3 Part 3—Cost Proposal – pg 63

The cost proposal shall include all information relative to the costs proposed to accomplish each requirement as requested in ~~Section 5.~~ Paragraph 8 Pricing Schedule, Instructions for Pricing Exhibits, and Attachment B.

7. PART 2—TECHNICAL PROPOSAL

7.8 SOW Requirement Descriptions - pg 68

~~Offerors should address each of the requirements specified in Section 2 – the following subparagraphs from the Scope of Work:~~

> ~~Ability to Provide Service - Provide required information on Attachment C~~

Specific subparagraphs from SOW 2.4 have been identified for your response, so you do not need to respond to all of 2.4. Also in this section are topics covered in other parts of the SOW which also require your response.

ADD: pg 68

☐   **Requirements –** Describe how your system meets or will meet the requirements in the following subparagraphs. There is a page limit of 5 pages per sub-subparagraph, i.e., 2.4.2.1.

> **2.4.2 Benefit Management**
> 2.4.2.1
> 2.4.2.2
>
> **2.4.3 Member Management**
> 2.4.3.3
> 2.4.3.5
> 2.4.3.8

 2.4.4 Provider Management
  2.4.4.4

 2.4.5 Prior Authorization
  2.4.5.4
  2.4.5.7
  2.4.5.10

 2.4.6 Claims
  2.4.6.9
  2.4.6.14
  2.4.6.16
  2.4.6.20
  2.4.6.24
  2.4.6.34

 2.4.7 Premium Billing
  2.4.7.3
  2.4.7.19

 Optional services, respond only if proposing to provide

 2.4.8 Financial
  2.4.8.1
  2.4.8.8
  2.4.8.10
  2.4.8.13
  2.4.8.20

 2.4.9 Encounters
  2.4.9.6
  2.4.9.8
  2.4.9.11
  2.4.9.18

Page limit – 5 pages per sub-subparagraph, i.e., 2.4.2.1

pg 68

❑ **System Setup and Conversion** – Offerors should provide a description of the steps involved and the level of effort required for configuring/setting up and installing the system. The description should include a description of the files that will be electronically converted as well as the files/tables that must be populated manually. AHCCCS has not determined whether the cutover to the new system will be based on a date of service or on a date of payment/process date. The Offeror should indicate which option is assumed in their proposal and cite the rationale for the option that is proposed.

Page limit – 5 pages

Attachment B – Pricing – pg 100

PRICING EXHIBIT 2 – HOSTED SYSTEM OPTION

Pricing Exhibit 2a–Year 1 of Operations - Pricing for recurring costs should remain the same for year 2

Pricing Exhibit 2b – Subsequent Years of Operations - pg 101

	Unit Price Year 2, 3,4	Unit Price Year 4,5,6
Software License/Annual Maintenance Fees – Required Components for Current Claims Processing		
Software License/Annual Maintenance Fees – Potential/Future Claims/Encounters Processing		
Software License/Annual Fees – Premium Billing		
Software Maintenance and Enhancements		
Hours included in Annual License/Maintenance Fees		
Hourly Rates for additional enhancements		
Labor Category	Rate/Hour Year 2, 3,4	Rate/Hour Year 4,5,6
Ongoing Operations/Hosting of System		
Item	Unit Rate Year 2, 3,4	Unit Rate Year 4,5,6
Monthly claims processing for current claim types		
Monthly premium billing processing		
Monthly potential/ future claims/encounter processing		
Other – itemize		

PRICING EXHIBIT 3 – NON-HOSTED SYSTEM OPTION – pg 102

Exhibit 3a – Year 1 - Pricing for recurring costs should remain the same for year 2

Pricing Exhibit 3b – Subsequent Years – pg 103

	Unit Price Year ~~2,~~ 3,4	Unit Price Year ~~4,~~5,6
Software License/Annual Maintenance Fees – Required Components for Current Claims Processing		
Software License/Annual Maintenance Fees – Potential/Future Claims/Encounters Processing		
Software License/Annual Fees – Premium Billing		
Software Maintenance and Enhancements		
Hours included in Annual License/Maintenance Fees		
Hourly Rates for additional enhancements		
Labor Category	Rate/Hour Year ~~2,~~ 3,4	Rate/Hour Year ~~4,~~5,6

Attachment G - Offeror's Checklist
The following are examples and do not need to be submitted with the proposal:
- Performance Bond - Attachment D
- Escrow Agreement - Attachment E
- Insurance - Attachment F

Questions and Answers			
RFP section; Paragraph # Subject	Pg#	Question	Answer
		Please identify by line of business the number of members whose claims will be processed by this system.	FFS Membership is included in the Bidders Library, Acute Care document (Table 1).
2.3.1	5	What does MITA mean?	MITA is the acronym for Medical Information Technology Architecture.
SOW 2.3 Contract Phases and Schedule	9 - 25	Do we need to do a response to the Deliverables in the SOW?	Do not submit any information directly as responses to the SOW. Review the contractor responsibilities and deliverables when you do your responses to the Special Instructions to the Offeror.
SOW-2.3.8 Phase VIII-Post Implemen-tation Support	21	MMIS Certification – The new certification process requires the state to perform certain activities prior to release of the RFP. Has AHCCCS begun this procurement in accordance with the new certification process or was the APD approved prior to April 2007, which makes the new process optional?	AHCCCS will use the most current CMS guidelines for certification, even if that process is optional.
SOW-2.3.8 Phase VIII-Post Implementation Support	21	Since AHCCCS is replacing just part of its MMIS (the claims processing functionality), will certification be required?	If CMS has a certification process available for the individual MMIS component, then that certification will be required.
SOW-2.4 and Detailed Require-ments	25-29	Does completing the table in Attachment C provide sufficient response to SOW-2.4 Detailed Requirements?	No. Completing the table in Attachment C does not provide a sufficient response concerning the services required in the SOW 2.4 Detailed Requirements. See Solicitation Amendment 2, Changes.

SOW-2.4.3.5 Member Management	29	This requirement says offerors need to track other member IDs and provides examples. How many additional IDs are currently maintained?	There are over a dozen alternate Ids tracked by the existing eligibility system (PMMIS) including Medicare Claim ID, Applicant numbers from external eligibility determination systems, Arizona Department of Corrections Identifier, etc.
SOW-2.4.3.10 Member Management	30	The first bullet says to maintain separate fields for "some information" so contractors don't overlay or wipe out data. The second bullet says to require separate fields for TPL information and demographic information. Are those the only types of information this applies to? If not, please clarify what other types of data require separate fields.	Other types of data, not yet identified, may be needed. The intent of this requirement is to allow the claims processing system to track changes to data that come into the system from external interfaces without changing the source data.
SOW-2.4.4.4 Provider Management	32	The last bullet talks about Network affiliations. Are provider networks established by line of business? Are network affiliations different than line of business?	Provider Network affiliations can be defined by line of business. Additionally, they may include other group affiliations that cross lines of business.
SOW-2.4.6.1 Claims	34-35	Bullet two - What is AHCCCS' front end validation process for receipt of claims?	AHCCCS uses Foresight software.
SOW-2.4.6.1 Claims	35	Bullet three - What electronic formats of standard attachments must be supported?	Any HIPAA electronic formats (current or future) should be supported.
SOW 2.4.6.4 Claims	35	What imaging system (vendor) is AHCCCS currently utilizing?	Fortis
SOW-2.4.6.13 Claims	37	Bullet one refers to entry of custom form types. What custom forms are currently used by AHCCCS?	None at this time.
SOW-2.4.6.13 Claims	37	Last bullet – In the context of this bullet, who is the user that will specify which edits are performed for provider direct entry?	AHCCCS staff

SOW-2.4.6.14 Claims	37	Bullet three requires the use of "industry standard codes (CARCs)". What does the acronym stand for?	CARC stands for Claims Adjustment Reason Code as defined by the 835 transaction.
SOW-2.4.6.14 Claims	37	What standard codes are currently being used by AHCCCS?	AHCCC uses any number of standard codes. The question is too broad to answer.
SOW-2.4.8.1 Detailed Require-ments-Financial	44	What does the asterisk indicate on items 1, 8, 10, 13, and 20?	At this point they are not applicable to anything in the proposal response.
SOW 2.4.8.18 Financial	46	Please define HIP.	HIP is the acronym for Health Insurance Plan.
SOW 2.5 HW/SW HW/SW & Network	51	AHCCCS has indicated that that it is desirable for users to use their AHCCS logons rather than maintaining separate logons to the proposed system. Is AHCCCS currently utilizing any 3rd party software to administer passwords (e.g. Novell Access Manager)?	Our network user ids and passwords are stored and maintained in Microsoft Active Directory.
Special Instructions – 6 Required Forms	65	I assume paragraphs 6, 7, and 8 make up my entire proposal. I do not need to prepare a response to any of the deliverables in the Scope of Work.	The Scope of Work tells the offeror what will be expected to be delivered, if the offeror is awarded the contract. The information in the Special Instructions to Offeror tells the offeror what is expected to be delivered in the proposal.
Special Instructions – 6 Required Forms	65	Do you want 10 or 11 proposals?	Required Forms are only required to be submitted in the binder with the original proposal, which must have original signatures on all documents, and the binder for copy 1 which is a copy of the original. All proposals will have the technical proposal and the pricing. In total you submit 11 sets of binders and 11 CD-ROMs – one original and ten copies.

Special Instructions 7.3 Financial and Other Required Information	66	We are a privately held company and do not want to disclose our financial statements. What will you except in lieu of them?	If you do not submit the financial information required, your proposal will be deemed not susceptible for award and no additional evaluation will be done on your proposal.
Special Instructions -7.5 Organiza-tion and Staffing	67	The last sentence says that if an offeror is bidding both hosted and non-hosted options, the Organization and Staffing information should be presented for both options. Does this mean the page limit for this section is doubled to 20 pages to accommodate both discussions? Should the offeror provide the answer for hosted and then follow it with another heading for non-hosted?	The presentation for hosted and non-hosted are separate, 10 pages in each. Propose hosted and non-hosted separately. Do not refer to material in the other option submission.
Special Instructions -7.5.2 Organiza-tion and Staffing	67	Does Attachment A count in the page count? Is Attachment A to appear in the body of the Technical Proposal or is it to be included in an appendix?	Attachment A is not included in the page count. It should be included to show the actual staff you plan to commit to this project, if contracted.
Special Instructions -7.5.2 Organiza-tion and Staffing	67	Is the required staffing chart (by position, by phase, by month) to be included within the 10 page limit for the Organization and Staffing discussion or may it be excluded from the page limit and presented as an Appendix?	The staffing chart should be submitted using the form in Attachment A and the page count is not included in the page limit.
Special Instructions -7.8	68	Some of the questions in the bullet list in 7.8 seem to be addressed in other sections.	The questions in 7.8 are to be answered on their own focus, even if the subject matter overlaps. Never refer to responses to another bullet.

Special Instructions -7.8 Require-ment Description	68	Please clarify the first sentence and bullet: "Offerors should address each of the requirements specified in Section 2 – Scope of Work and include the following: • Ability to Provide Service – Provide requested information on Attachment C."	Please see Solicitation Amendment 2, Changes. The statement "Ability to Provide Service – Provide requested information on Attachment C." has been removed from this section.
Special Instructions -7.8 Require-ment Description	68	Training bullet: May detailed training schedules be referenced and included in an appendix rather than be included within the designated page limit?	No. But you can include training activity in the work plan in section 7.9.
Special Instructions -7.8 Require-ment Description	68	Topics are addressed in 7.8 and will also be discussed in 7.9 bullet #1 – Description of approach to each phase. How are these discussions different?	Section 7.8 allows for a narrative description. Section 7.9 is asking for a short description of specific work plan tasks.
Special Instructions -7.8 Require-ment Description	68	Training bullet: Will additional pages be permitted to accommodate the expanded discussion if an Offeror proposes both the hosted and non-hosted option? If so, what is that combined page limit?	You are limited to 5 pages each and may not reference material in the other hosting option you proposed in your response.
Special Instructions -7.8 bullets 3 and 4 Require-ment Description	68	Are the discussions of System Setup and Conversion *plus* Resources limited to a total of 5 pages or should there be a separate limit assigned to System Setup and Conversion?	System Setup and Conversion is one section ; Resources is another, each has five page limits
Special Instructions -7.8 Require-ment Description	69	The last sentence in the bullet titled Volume, Capacity, and Performance states, "…describe how each of the performance requirements in Section 2-Scope of Work will be addressed …" Does this refer to SOW-2.6 and 2.7 on page 51?	Any requirements in the SOW that apply should be addressed SOW-2.6 and 2.7 definitely have some of the requirements. However, it might be beneficial to read the entire SOW.

Special Instructions -7.8 Require-ment Description	69	The last sentence in the bullet titled Hardware/Software and Network states, "…meet the performance requirements in Section 2-Scope of Work." Does this refer to SOW-2.5 on page 49?	Any performance related requirements in Section 2 should be addressed SOW-2.5 definitely has some of the requirements. However, it might be beneficial to read the entire SOW.
Special Instructions -7.8 Require-ment Description	69	Security and Privacy bullet: Will additional pages be permitted to accommodate the expanded discussion if an Offeror proposes both the hosted and non-hosted option? If so, what is that combined page limit?	If Offeror proposes both options, two three page documents will be accepted. Each may not reference material in the other hosting option document submitted.
Special Instructions -7.8 Require-ment Description	69	The first sentence in the bullet titled Hardware/Software and Network isn't complete: "In addition to a general description of the proposed configuration, for each option proposed – hosted and non-hosted." Please clarify.	" hosted and non-hosted" was added to explain for each option proposed Each hosting option is a separate submission. Each can be up to the page limit. However, you may not reference information in the other hosting option or any other document.
Special Instructions -7.8 Require-ment Description	69	Hardware/Software and Network bullet: Will additional pages be permitted to accommodate the expanded discussion if an Offeror proposes both the hosted and non-hosted option? If so, what is that combined page limit?	Each hosting option is a separate submission. Each can be up to the page limit. However, you may not reference information in the other hosting option or any other document.
Special Instructions 7.8 Require-ment Description	69	The page limit for the bullet titled Volume, Capacity, and Performance indicates "5 pages plus forms."	AHCCCS has no forms. If you use any forms they can be included and the forms do not count in the page count.

Special Instructions 7.8 Require-ment Description	69	Hardware/Software and Network bullet states, "Note that the proposed configuration under either option should be sufficient to support the projected volumes over the next 2 years …" We are unable to locate claim volume projections in Section 2 of the SOW or in the Bidders' Library. Please provide these projected volumes.	AHCCCS is anticipating that the offerors will be able to provide sliding scale configurations and pricing from the very lowest volume, to our current total FFS enrollment of 170,000 lives, and again to cover our capitated membership of 1.2 million lives. The offeror will need to calculate the associated claims volume based on the 5% annual growth factor. The configuration and pricing breakpoints are being left up to the offerors. This methodology will allow the Agency to determine how (and when) to best implement our various populations in the new claims processing system.
Special Instructions 7.9 Project Work Plan and Schedule	70	Is the Gantt chart included in the page count or may it be submitted as a referenced attachment and be excluded from the 40 page limit designated for the Project Work Plan and Schedule discussion?	The 40 page limit applies to the entire section, including the Gantt chart.
Attachment C Ability to Provide Service	105-137	Does completing the table in Attachment C provide sufficient response for Detailed Requirements in the SOW?	No. Completing the table in Attachment C does not provide a sufficient response concerning the services required in the SOW.
Attachment C Ability to Provide Service	105	For requirements where either Modification to Base or New Development is indicated, where should the 10 lines of explanation be presented – immediately below the requirement within the table or in an accompanying section?	In an accompanying section, attached to the back of Attachment C; clearly state the task number and your plans for modification to base or new development. Also provide an estimation of cost for each modification or new development. See Solicitation Amendment 2, Changes. The limit is raised to one half pages.

Attachment C Ability to Provide Service	105	The bullet list just prior to the General Requirements asks the Offeror to provide an estimation of cost for any modification or new development. Since there isn't supposed to be any cost information in the Technical Proposal, where are these costs to be provided? This seems to be in conflict with other instructions.	This is allowable because it was specifically asked for. From the Procurement point of view, this is an RFP, not a 2-step bid. Your pricing is submitted with your proposals. See the Solicitation Amendment 2, Changes.
Attachment B Pricing	99 and 102	In Exhibit 2 Hosted System Option and Exhibit 3 Non-hosted System Option, bidders are advised that "… total prices should be computed using the volumes provided in Section 2.6 of the SOW for startup." Section 2.6 of the SOW points to the Bidders' Library for volumes. The Bidders' Library presents only 10 months of claim volumes from 2006. Please provide projected claim line volumes for each contract year for bidders to use in the pricing forms.	We do not plan to change the information in the bidders' library. We want to give you information that is reliable. Volume in SOW 2.7 refers to using AHCCCS volumes plus 5% increase in volume per year.
Pricing Exhibit 2,3 Attachment B - Pricing	99, 102	How is AHCCCS going to evaluate pricing if vendors are proposing their own ranges for claim volumes discounts and/or PMPM charges? Perhaps AHCCCS should amend the pricing pages to include various volume thresholds/ranges to facilitate side by side price comparison of the proposed solutions.	AHCCCS will select one or more levels of claim and enrollment volumes and evaluate all offers against the same criteria.
Attachment C	126, 127	Can AHCCCS describe their current 'Concurrent Review' process?	AHCCCS determines which stays require a concurrent review at the time that the initial authorization for the stay is approved and sets the date for the first review. When the concurrent review is performed the date for the next review is set. Hospitals call or fax in the information needed for the concurrent review. Once a patient is discharged, AHCCCS updates the authorization in the system.